



Department of
Health

An Roinn Sláinte

Mánnystrie O Poustie

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Department of Health

MANUAL OF
ACCOUNTS

2025-26

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1: Introduction

- 1.1 DoH bodies (HSC Trusts, PHA, HSC Agencies & Executive NDPB's) are statutorily obligated to prepare a statement of accounts in respect of each financial year which in accordance with DoH body's Accounts Direction should be '...in such form and contain such information as the Department may, with the approval of the Department of Finance, direct'.
- 1.2 As public sector organisations, DoH bodies fall within the remit of FRAB (Financial Reporting Advisory Board) which provides independent accounting advice in respect of public sector bodies to Department of Finance (DoF). The advice of FRAB is reflected in the Financial Reporting Manual (FReM). DoH bodies are required to comply directly with FReM, subject to NI – specific interpretations as directed by DoF. DoH bodies should refer to FReM for interpretation of all International Accounting Standards.
- 1.3 DoH bodies should follow the NDPB guidance as indicated in FReM, unless directed otherwise. References in FReM specific to Departments, Agencies and Trading funds are not relevant for DoH bodies. Also, any references to “supply”, “consolidated fund”, “appropriation in aid”, “programme & admin expenditure” are specific to Departments. DoH bodies must use the format of accounts as directed by the FReM in conjunction with the NDPB Green illustrative pro-forma for Northern Ireland, unless directed otherwise by the Department.
- 1.4 Executive NDPB's (NIFRS, RQIA, NISCC, and NIPEC) are required to comply directly with FReM. However, they are also required to adopt the accounts direction as prescribed by The Department, subject to certain differences, e.g. NIFRS has a requirement to complete a Pension Fund Statement.
- 1.5 The purpose of this circular is to provide DoH specific information in relation to the format and content of the annual report and accounts. It is not an accounting textbook and does not set out to explain standard accounting principles nor replicate other guidance already provided in FReM or by DoF.

Enquiries

- 1.6 If any further guidance is required, please contact:

Financial.accountingunit@health-ni.gov.uk

or

Financial Accounting Unit

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Overview

- 1.7 This section identifies the different accounts that DoH bodies are required to prepare. It also distinguishes between those which must be presented at the public meeting and those required by the Department.
- 1.8 The following must be prepared:
- Annual Report and Accounts;
 - Charitable Trust Fund (CTF) accounts – where applicable; *and*
 - Patients/Resident’s Monies Accounts - Trusts only.
- 1.9 The standard pro forma “NDPB Green” issued by the Department of Finance will act as a guide for DoH bodies to follow. This circular provides some additional detail specific to health. DoH bodies are at liberty to amend their annual report and accounts to include additional information or remove unnecessary information as they judge appropriate, to enhance the understanding of the reader of their accounts and provided there is continued compliance with the FReM, NI-specific guidance and accounting standards. DoH bodies do not require the Department’s authority to do this however if there are any proposed significant changes which deviate from the FReM and NI-specific guidance these should be discussed and agreed with the Department in advance of presentation of the accounts for audit.
- 1.10 Where a note in the accounts is not applicable to a DoH body, a statement should be included to say that the note is not relevant. (This will keep note numbers consistent across all DoH bodies). Where tables or lines within tables are zero for current year and prior year, the tables or lines should be deleted, with narrative, if necessary, e.g. “The [DoH body] has no finance leases”. It is not appropriate to populate zero lines.

Audit

- 1.11 The accounts of the DoH bodies are subject to audit by the NIAO. All DoH bodies are required to submit unsigned draft accounts (including all applicable accounts listed above) to the Northern Ireland Audit Office (NIAO) as per the HSC (F) circular covering the annual timetable which is issued by DoH in February/March each year. Draft accounts submission to NIAO should be copied to the Department. Arrangement for the completion of the audit should be made between NIAO and the DoH body to ensure that the deadlines for completion are achieved.
- 1.12 The auditors must be given a copy of the Annual Report and Accounts with corresponding notes at the same time. The accounts should be accompanied by a letter, signed by the Finance Director, confirming that the Accounting Officer takes full responsibility for the accounts. This letter should make clear that the Accounting Officer has;
- reviewed the accounts to ensure they have been properly prepared in accordance with the guidance;
 - enquired of staff to ensure adequate working papers are available to support the figures in the accounts; *and*
 - enquired of staff to ensure that it is not anticipated that the accounts will be subject to significant adjustment as a result of the audit procedures.
- 1.13 A pro forma letter to accompany the submission of the accounts to the NIAO is included at **Annex A**.

- 1.14 Auditors will review the Annual Report for consistency with other information in the financial statements. They are required to express an opinion on the consistency of the various sections of the Annual Report as interpreted for the public sector context and the accounts. These elements will include:
- The Performance Report; *and*
 - The Accountability Report.
- 1.15 In order that readers of the Annual Report can identify those paragraphs that are subject to the auditors' opinion on consistency, the contents outlined above should be clearly identified by way of headings. When these are cross referenced to information in other sections of the Annual Report, the consistency opinion will be extended to cover this other information.
- 1.16 Certain information contained in the Remuneration and Staff Report is subject to audit and will be referred to in the audit opinion. The Remuneration Report must be available at the start of the audit and to timescales in line with the Department-issued annual timetable. The print deadline for the Annual Report must allow for availability of the agreed report prior to the Annual General Meeting.
- 1.17 The possibility of adjustments being required should be minimised through preparation of good quality accounts (assisted by the preparation of regular management accounts), open, early and continual discussion with the audit team of any major new accounting policies, estimates issues and potential disclosures throughout the audit process.
- 1.18 However, differences of opinion may still arise between the auditor and the DoH body regarding the amounts to be shown in the financial statements and also regarding the appropriate accounting treatment for agreed amounts. These differences will usually be resolved through discussion between the Senior Auditor and the Finance Director. In resolving differences, it may be appropriate to seek advice from the Department of Health (DoH). It is essential that appropriate action is undertaken in order to maintain and achieve submission deadlines.

Final certification

- 1.19 When the auditors have completed their work, they will formally notify the Director of Finance that a final set of accounts are available for approval by the Board, following which the Accounting Officer will sign the relevant sections as noted below and submit to NIAO.
- 1.20 The following principal reporting sections should all be signed and dated as appropriate on the same day in order that the dates are all consistent:
- **Performance Report**, this report shall be signed and dated by the Accounting Officer and will represent the approval of the following individual sections;
 - i Performance Overview; and
 - ii Performance Analysis

- **Accountability Report**, this report shall be signed and dated by the Accounting Officer and will represent the approval of the following individual sections;
 - i. Corporate Governance Report (which consists of Directors report, Statement of Accounting Officers responsibilities and Governance Statement);
 - ii. Remuneration and Staff Report; and
 - iii. Accountability and Audit Report.
 - **Statement of Financial Position (SoFP)**, this report shall be signed and dated by the Accounting Officer.
- 1.21 NIAO will again accept electronic versions for 2025/26. The signed annual report and accounts can be sent electronically to the Comptroller & Auditor General (C&AG) together with a signed Letter of Representation from the Accounting Officer.
 - 1.22 The C&AG will then issue a signed Audit Certificate for inclusion within the accounts (and Report if applicable).
 - 1.23 The NIAO will require notification that there are no Events after the Reporting Period that impact upon the values submitted in the signed accounts prior to final certification. This will be requested by the appropriate audit team just prior to the final certification submission within the NIAO.
 - 1.24 Once the accounts are ready for issue the date authorised for issue must be clearly stated as the last note of the accounts i.e. directly after the Events after the Reporting Period note. The date should normally be the same as the C&AG signing date and the note should read: "The Accounting Officer authorised these financial statements for issue on (insert date)". Therefore, the date the AO approves the Statement of Financial Position etc. may be different from the date the statements are authorised for issue.
 - 1.25 Under 'The Companies (Public Sector Audit) (Northern Ireland) Order 2013, the Department of Health is responsible for laying the individual accounts of each DoH body (except for NISCC & NIPEC which are laid by NIAO). The accounts must be formally laid before the Northern Ireland Assembly, before they are made publicly available, and before the public meeting of the DoH body.
 - 1.26 The Annual Report and Accounts/ Consolidated Accounts, incorporating patient/resident monies/ and the Charitable Trust Fund, will be laid as a single continuous document. The Account of the Charitable Trust Fund must also be submitted to the Department as a separate document, which will subsequently be laid by the Department.
 - 1.27 In accordance with the Health and Social Services Trusts (Public Meetings) Regulations (Northern Ireland) 1994, all HSC Trusts are required to hold a public meeting by 30 September each year at which the following must be presented:
 - the Annual Report of the DoH body (where applicable); *and*
 - the audited and approved Annual Accounts including the audit report.
 - 1.28 All other DoH bodies not falling under the above named legislation must also comply with this requirement as directed by the Department.

Audit Fee (including fees in respect of National Fraud Initiative)

- 1.29 The amount paid in respect of the audit fee should be disclosed separately e.g. "the notional cost of the audit for the year ended 31 March 20XX which pertained solely to the audit of the accounts was £xxk." If applicable, further disclosures are required as follows: "An additional amount of £ox was paid to the Audit Office in respect of work carried out on the National Fraud Initiative. This is reflected within miscellaneous expenditure within Note 3 Operating expenses in the accounts".

2: Annual report and Accounts

Introduction

- 2.1 This section briefly summarises the requirements for the content and format of the Annual Report for DoH bodies. When determining the contents of the Annual Report, DoH bodies should consult the FReM and relevant DoF guidance and original documents mentioned, and the best practice guidance contained therein. Provided the guidelines are followed, the proportionality, format and precise contents of the Annual Report are at the Board's discretion.
- 2.2 Where there is a recommendation or requirement for the publication of information and the descriptions do not apply to a particular DoH body, then that DoH body should aim to provide an alternative which is appropriate and relevant.
- 2.3 Preparers' must choose what to include to achieve a fair, balanced, and understandable report. This can be in words, through images, or through design choices in style and structure.
- 2.4 DoH bodies must prepare and publish an annual report and accounts as a single continuous document. If summary statements or an abridged document is produced, they must be separate and distinct from the formal publication submitted to the Assembly. The summary or abridged document must not be published in advance of the full Annual Report and Accounts being laid before the Assembly.
- 2.5 Each section within must be relevant to the particular reporting DoH body and must be proportionate with respect to the resources and impact of the DoH body within the HSC sector.

Content

- 2.6 The principal sections required within the **Annual Report and Accounts** for DoH bodies per the current year **FReM** are as follows:

Section	FReM ref
Performance Report:	5
Performance Overview	
Performance Analysis	
Accountability Report	6
Corporate Governance Report	6.4
Directors' Report	
Statement of Accounting Officer Responsibilities	
Governance Statement	
Remuneration and Staff Report	6.5
Accountability and Audit Report	6.2
Financial Statements , including notes to the accounts	7

- 2.7 In the case of NDPBs that already have a statutory obligation to prepare a separate report; the preparation of an Annual Report described herein will satisfy the requirement for the production of this separate report in accordance with 4.1.5 of FReM. This Annual Report will be presented to the NI Assembly with the accounts as a combined document described as the “Annual Report and Accounts”. Where there is currently no statutory requirement for the preparation of a separate report, NDPBs will prepare an Annual Report as described herein for inclusion in the accounts which will be described as the “Annual Report and Accounts” and presented to the Assembly.
- 2.8 All sections should be clearly labelled but in accordance with FReM they should be presented as one single document with consistency of information.

Corporate Governance Report

Governance Statement (FReM 6.4.7 – 6.4.12) and MPMNI

- 2.9 FReM section 6.4 sets out the full requirements. The following is supporting information on the Governance Statement element of the Corporate Governance Report.
- 2.10 The Governance Statement is prepared in accordance with [Managing Public Money Northern Ireland – Annex 3.1 the Governance Statement](#) and is the means by which the Accounting Officer provides a comprehensive explanation on the Arms' Length Bodies' (ALB's) approach to governance, risk management, internal governance and how they operate in practice. The statement also provides an account of the ALB's Board and Committees, including reference to the ALB Board's performance and effectiveness.
- 2.11 In addition, it represents a medium for the Accounting Officer to highlight significant governance issues which have been identified during the reporting period and those previously reported governance issues which are continuing within the ALB.
- 2.12 Public bodies must provide assurance that they are appropriately managing and controlling the resources of ALBs for which they are responsible. The Report is an important accountability document in communicating these assurances to the Assembly and the public.
- 2.13 The statement is a mandatory disclosure for all central government entities that comply with the FReM. It is a primary accountability document. The external auditors do not provide an explicit audit opinion on the content, but it is subject to external audit review to ensure that it has been prepared in accordance with government guidance and that it is consistent with the auditors' knowledge of the entity.
- 2.14 Each ALB should also ensure there is evidence of compliance with departmental issued policies and procedures which contribute to the governance, assurance and risk management processes throughout HSC.
- 2.15 Each ALB should ensure the Board's compliance with its Section 75 equality and good relations duties including adherence to the arrangements contained in its equality scheme when developing and/or reviewing policies, including its assessment of its own compliance. (MPMNI).
- 2.16 An account of corporate governance, including the Board's assessment of its compliance Corporate Governance Code, in particular the key area of leadership and how a clear vision for the organisation is articulated and giving clarity about how policy activities contribute to achieving this vision, including setting risk appetite and managing risk. The assessment should include explanations of any departures from the Code. (MPMNI)

Roles and Responsibilities

Accounting Officer

- 2.17 Accounting Officers are required to make an annual report – the Governance Statement (the Statement) – alongside the accounts of the body and in accordance with this guidance which is based on Managing Public Money Northern Ireland. (See FReM 6.4.7) The Department does not provide a prescriptive template, but further guidance is available within MPMNI Chapter 3 Annex 3.1 and suggested headings for consideration are as set out below. It should be noted that the Report covers the accounting period and the period up to the date of signature. The Accounting Officer is charged with signing

the Accountability Report indicating that a sound system of internal governance is in place that supports the achievement of the department's policies, aims and objectives. The Governance Statement and disclosure of issues therein forms part of this assessment.

Board of the DoH body

- 2.18 The Board is ultimately responsible for the DoH body's internal governance. Boards will normally delegate the task of establishing, operating and monitoring the governance framework to management, but they cannot delegate their responsibility for it. Reviewing the effectiveness of internal governance is an essential part of the Board's responsibilities.
- 2.19 The Board must satisfy itself as to the adequacy of the Governance Report and must ensure their knowledge is detailed enough for it to concur with the proposed Statement. The Board must ensure that the Report takes account of all significant events or issues.

Audit Committee

- 2.20 The Audit Committee plays a key role in the production of the Statement. It supports the Board and Accounting Officer by reviewing the comprehensiveness of assurances received and reviewing the reliability and integrity of those assurances. The Audit Committee also advises the Board and Accounting Officer of any governance issues that could or should be considered significant and are therefore appropriate for disclosure in the Statement.

Internal Audit

- 2.21 Internal Audit provides the Accounting Officer with an insight into the organisation's performance and ultimately the overall adequacy and effectiveness of the ALB's Governance framework.

Expected disclosures within the Governance Statement

- 2.22 Annex 3.1 to MPMNI sets out the key requirements, however, it is suggested DoH bodies may wish to include disclosures under the following general headings within their Governance Statement:
- Introduction/Scope of Responsibility;
 - Compliance with Corporate Governance Best Practice;
 - Governance Framework;
 - Framework for Business Planning and Risk Management;
 - Information Risk;
 - Fraud;
 - Public Stakeholder Involvement;
 - Assurance;

- Sources of Independent Assurance;
- Review of Effectiveness of the System of Internal Governance;
- Internal Governance Divergences; and
- Conclusion.

Introduction / Scope of Responsibility

2.23 This reports the Accounting Officer's responsibility for maintaining a sound system of internal governance and should provide an explanation of the accountability arrangements surrounding their role. In particular, it should include an account of the:

- processes in place by which the ALB works with other stakeholder organisations; and
- Inter-relationships with the Department and other ALBs.

Compliance with Corporate Governance Best Practice

2.24 This is a high-level report which describes the ALB's assessment of the Board's compliance with the principles of good practice in Corporate Governance, with explanations of any departures.

Governance Framework

2.25 This describes the governance framework of the ALB including information about:

- the Board/Council's Board structure, its attendance records, role and performance;
- the Audit Committee's role and performance; and
- Other relevant Board roles and performance e.g. Governance.

Business Planning

2.26 This describes the key aspects of the business planning process, including how objectives are identified, managed and reviewed. It must explicitly include how the ALB's business planning process ensures statutory obligations and ministerial priorities are met.

Risk Management

2.27 Every public sector organisation faces a variety of uncertainties, which can affect its success in delivering its objectives, budget and value for money. This section describes the key elements in risk management process, including how risk is identified, evaluated and governance led. It must explicitly describe how risk appetites are determined; the ALB's risk profile; explain how risk management is embedded within the ALB; and describe how public stakeholders are involved in managing risks which affect them (where appropriate).

2.28 When the appropriate risk management and review processes are in place, it is important that they are maintained and developed to ensure their continuing effectiveness.

2.29 It should also describe how leadership is given to the risk management process, how staff are trained or equipped to manage risk and how the ALB learns from good practice.

Changes to business planning or risk management in year should be highlighted and narrative provided if appropriate.

Information Risk

- 2.30 This describes the management and governance of information risk and includes unsecured digital information that can be misplaced or copied. It must explicitly include how the ALB ensures that information used for operational purposes and reporting purposes is handled appropriately, particularly where it is used by third parties or other parts of government. It should also make reference to relevant cyber-security arrangements.
- 2.31 A risk assessment should include the organisation's risk profile, and how it is managed, subject to a public interest test.
- 2.32 Additionally, it should also describe how the Accounting Officer and Board receive assurances that the processes are being managed effectively, and that these assurances are obtained from managers, Internal Audit or other assurance providers.

Fraud

- 2.33 This section details the DoH body's approach to fraud and the actions taken to prevent and detect fraud. The below paragraph provides *suggested* wording which should be included within each DoH body's Governance Statement, tailored as appropriate to specific circumstances.
- 2.34 *[DoH body] takes a zero tolerance approach to fraud in order to protect and support our key public services. We have put in place an Anti-Fraud Policy and Fraud Response Plan to outline our approach to tackling fraud, define staff responsibilities and the actions to be taken in the event of suspected or perpetrated fraud, whether originating internally or externally to the organisation. Our Fraud Liaison Officer promotes fraud awareness, coordinates investigations in conjunction with the BSO Counter Fraud and Probity Services team and provides advice to personnel on fraud reporting arrangements. All staff are provided with mandatory fraud awareness training in support of the Anti-Fraud Policy and Fraud Response Plan, which are kept under review and updated as appropriate or every [X] years.*

Public Stakeholder Involvement

- 2.35 This describes the key elements of the way in which the ALB ensures the involvement of service users and stakeholders in identifying and managing risks. (This section should only be inserted by those bodies to which it is relevant).

Assurance

- 2.36 This section describes the key elements of the way in which the ALB receives assurances including information about the quality of the assurances received.

Sources of Independent Assurance

- 2.37 This section should list and describe the sources from which the ALB receives Independent Assurance e.g.
- Internal Audit;
 - Northern Ireland Audit Office;
 - RQIA; and

- Any other relevant Licensing/Regulatory authorities.

Internal Audit

- 2.38 This describes the internal audit function in place within the ALB. It should identify the systems which have been reviewed during the year and the relevant ratings given. It should specifically identify areas of limited assurance and priority 1 findings and confirm that recommendations to address these governance weaknesses have been or are being implemented.

Review of Effectiveness of the System of Internal Governance

- 2.39 This confirms that the Accounting Officer has responsibility for reviewing the effectiveness of the system of internal governance, including an audit opinion on the quality of the systems of governance. Assurance should be provided that the review has been informed by relevant parties' e.g. internal audit, executive directors and that implications resulting from the review have been highlighted by relevant internal mechanisms e.g. Board/Council, Audit Committee, Governance Committee, Clinical Governance Committee, Risk Committee etc. Additionally, the report should provide assurance that plans to address any weaknesses and ensure continuous improvements to the system are in place.

Internal Governance Divergences

- 2.40 ALBs should report on all significant governance issues identified and continuing during the reporting period. It is imperative that significant governance issues raised internally and through sponsor branches are reported in the Statement. It is the responsibility of the Accounting Officer to consider the impact of all significant issues arising and consider their impact on the Governance Statement, ensuring it is complete, comprehensive and transparent.

- 2.41 When completing the 'Significant Internal Governance Issue' section of the Statement, Accounting Officers must ensure that the actual internal governance issue is identified and not only the consequence, outcome or event which occurred as a result of a weakness in internal governance arrangements. Disclosure of internal governance issues should comprehensively detail: (Guidance for this statement is at FReM 6.4.8)

- the specific internal governance issue or the processes in place to identify the issue;
- how the issue arose;
- remedial action taken or proposed to prevent recurrence; and
- timescales involved (This should include explanations for any variation against original timescales).

- 2.42 Significant internal governance issues should be reported under three headings:

- an update on prior year governance issues which have now been resolved and are no longer considered to be governance issues;
- an update on prior year governance issues which continue to be considered governance issues; and
- Identification of any new issues in the current year, including issues identified in the mid-year assurance statement, and any anticipated future issues.

- 2.43 The purpose of this disclosure is to deliver assurance that significant internal governance issues have been, or are being, addressed and that the Report is a balanced reflection of the actual governance position.
- 2.44 There is no single definition of a "significant internal governance issue". Accounting Officers will need to exercise judgement in deciding whether or not particular issues or events should be considered for inclusion into their Statement. Factors which may be helpful in exercising that judgement include:
- the issue could or has seriously prejudiced or prevented achievement of a key business target or other priorities;
 - the issue could or has put a significant programme or project at risk;
 - it could or has resulted in a need to seek additional funding from DoF (Department of Finance) / the sponsoring department to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
 - the Audit or Governance and Risk Committee advises it should be considered significant for the purposes of the Statement;
 - Internal Audit reports on it as having significant influence in their annual report on risk and governance;
 - the issue, or its impact, has attracted or has the potential to attract significant public interest/concern;
 - the issue, or its impact, has attracted or has the potential to impact on the reputation of the body or operating sector;
 - the business areas external auditor regards it as having a material impact on the accounts;
 - the issue could have or has had a material impact on the accounts;
 - the issue has been escalated to the Departmental Accounting officer or Chief Professional Officer during the year; or
 - The issue has been accepted by the Northern Ireland Commissioner for Complaints Ombudsman for investigation.
- 2.45 Other considerations when identifying possible significant internal governance issues for inclusion in the Statement:
- The contents of both the ALB's Assurance Framework and Risk Register;
 - Internal Audit priority 1 findings;
 - External Audit Findings; *and*
 - Compliance with the licences, other legislation, and regulatory bodies.
- 2.46 The ALB Board should ensure that all potential governance issues have been fully explored by the Accounting Officer. It is important that all issues identified by senior staff

as being relevant or having an impact on the Report are provided for potential inclusion in the Annual Report and accounts.

- 2.47 At the time of preparing the Report, disclosure of information about a significant internal governance issue might prejudice the outcome of a special investigation (possibly preventing successful prosecution in a case of fraud or inhibiting a disciplinary case against members of staff). In such circumstances, the Report should record that there are issues which cannot be disclosed because to do so would prejudice the outcome of an investigation. In such cases, the external auditors should be made aware of the background.
- 2.48 Issues identified up to and including the day of signature should, where appropriate, be included in the Statement.

Conclusion

- 2.49 This section gives the Accounting Officers overall conclusion on the operation of the system of internal governance within the ALB.

Remuneration and Staff Report

- 2.50 FReM section 6.5 sets out the full requirements. Also, the Department will annually circulate Civil Service Pensions Employer Pension Notices and Department of Finance circulars, including the DoF specific Guidance on the Format of the Remuneration Report. DoH bodies should ensure compliance with this additional DoF guidance where appropriate when preparing their remuneration and staff report. The following is additional information to support the guidance.
- 2.51 FReM section 6.5.8(f) The Following narrative must also be disclosed where an individual in this table is impacted by the Public Service Pensions Remedy. ***“Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.”***

Legislation

- 2.52 Section 421 of the Companies Act 2006 requires the preparation of a Remuneration Report containing certain information about the directors’ remuneration in accordance with the requirements of Part 4 and Schedule 8 of Statutory Instrument 2008 No. 410. See **Annex C**.

Audit

- 2.53 Certain information is subject to audit (see Part 3 of Schedule 8 of SI 2008 No. 410) and will be referred to in the audit opinion; the audit report will also note that the other information will be read by the auditor who will consider whether it is consistent with the financial statements.

Interpretation of the Companies Acts requirements for DoH bodies

- 2.54 References in the Order to “Directors” shall be interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the DoH body. This means those who influence the decisions of the DoH body as a whole rather than the decisions of individual directorates or sections within the organisation. Such persons will include advisory and non-executive Board members. In the following paragraphs, such persons are described as “Senior Manager”.
- 2.55 A Senior Manager is defined for this purpose as a Chief Executive, Executive Director and other functional director who operated at Board level within the respective organisation. The Chief Executive should be asked to confirm whether this covers more than the executive and non-executive directors. It is usually considered that the regular attendees of the DoH body’s Board meetings are its Senior Manager – usually between nine and twelve individuals in total.
- 2.56 The report provides details of Senior Manager’s remuneration and pensions, which should be in the format proscribed in the NDPB Green pro-forma.

2.57 The figures relate to all those individuals who hold or have held office as a Senior Manager of the DoH body during the reporting year. These should be included even if:

- an individual was not substantively appointed (holding office is sufficient, irrespective of defects in appointment); or
- an individual's title as Senior Manager included a prefix such as "temporary" or "alternate"; or
- an individual was engaged via a corporate body, such as an agency, and payments were made to that corporate body rather than to the individual directly.

Consideration by the directors of matters relating to directors' remuneration

- 2.58 If a committee of the DoH body's directors has considered matters relating to the directors' remuneration for the relevant financial year, the directors' Remuneration Report must:
- name each director who was a member of the committee at any time when the committee was considering any such matter;
 - name any person who provided to the committee advice, or services, that materially assisted the committee in their consideration of any such matter; and
 - in the case of any person named, who is not a director of the company, state the nature of any other services that person has provided to the company during the relevant financial year; and whether that person was appointed by the committee.
 - Use salary based on accrued pay for each director who was a member of the committee.

Staff report

FReM ref 6.5.31 – 6.5.45

- 2.59 For DoH bodies, senior civil service staff referred to in FReM 6.5.31a, may be considered to be Tier 3 or Band 8C and above.
- 2.60 In relation to Staff engagement scores – referred to in FReM 6.5.31f as DoH bodies do not participate in the Northern Ireland Civil Service People Survey; they should provide appropriate similar indicators where possible. Information should be provided with sufficient explanation and context, including trend data where appropriate.

Definitions

- 2.61 Permanently / Directly Employed Staff permanently / directly employed by the DoH body, include those on outward secondment or loan to other organisations. Generally, this includes all staff paid through the payroll, including Non-Executive Directors (NEDs) if paid through payroll. Note for HSCB – Permanently / directly employed staff to include prescribing advisors.
- 2.62 Seconded Out Staff are those staff on your payroll who are working for another DoH body (including the Department) and whose salaries and related costs are being recharged to that DoH body (including the Department). These should be shown in the "Permanently employed staff" column.
- 2.63 Seconded In Staff - are those staff on another payroll (including the Department) who are working for your DoH body and whose salaries and related costs are being recharged to your DoH body. These costs should be shown in the "others" column.
- 2.64 Contract staff - means staff directly engaged by the DoH body on a contract to undertake a particular assignment or task. These costs are staff costs as the DoH body has control over the number and type of staff it engages. These costs should be shown in the "Others" column.
- 2.65 A distinction should be drawn between such arrangements and those in which the DoH body is buying a service and has no direct interest in the numbers or type of personnel engaged in providing that service.

- 2.66 Such services may include the provision of cleaning or security, and the development of IT systems or management consultancy in which the numbers of individuals engaged on the service may fluctuate depending on the complexity of the issue and are outside the direct control of the DoH body. Amounts paid in respect of such services should not be included within staff costs but reflected within operating costs.
- 2.67 Staff costs should include amounts relating to all full time and part time, directly and indirectly employed (including Board members, and also non-executive board members, if paid through payroll.) The figures that are reflected within the Statement of Comprehensive Net Expenditure exclude capitalised staff costs and exclude recoveries in respect of seconded out staff.
- 2.68 Gross Wages and Salaries. This is the total gross pay of all full and part-time employees earned within the business including any bonus payments. The figures exclude all redundancy payments made in year, as it is not an in year salaries or wages cost. Redundancy costs and the costs of early retirements should be shown at note 'Reporting of compensation schemes – exit packages' (see below).
- 2.69 Social Security Costs. This is the total of the DoH bodies Employer's National Insurance Contributions less Statutory Sick Pay (SSP) and Statutory Maternity Pay (SMP).
- 2.70 Pension Costs include the total of the DoH bodies' employer contributions to pension schemes (other than NI contributions).
- 2.71 Wages & Salaries, Social Security costs and pension costs will include the costs of any staff that have been capitalised and the amount should also be disclosed separately in the text below this note. The total staff costs reported in the Statement of Comprehensive Net Expenditure will exclude capitalised staff costs.
- 2.72 Wages & Salaries, Social Security costs and Pension costs will include the costs of seconded out staff. The total staff costs reported in the Statement of Comprehensive expenditure will include these costs. The receipt recovered from the seconding organisation must be recognised as income.
- 2.73 Capitalised staff costs – any staff costs that have been capitalised and included above should be listed here so that they can be deducted from the gross costs in arriving at the amount to be included in the Statement of Comprehensive Net Expenditure. There is no need to analyse these costs between 'Permanently employed' and 'other'.
- 2.74 Less recoveries in respect of outward secondments - The line should disclose the recovery of costs for staff on outward secondment. Netting off is no longer permitted. There is no need to analyse this between permanently / directly employed and other.
- 2.75 The total costs figure is for information purposes only. This figure does not feed into the Statement of Comprehensive Net Expenditure due to the differences noted above.
- 2.76 Accrued pay is the salary inclusive of the expected (but not yet paid) pay award for that financial year.

Staff numbers

- 2.77 The figures should relate to all persons with a cost included within 'Staff Costs' above as either 'permanently employed' (if they are on the payroll) or 'other' (if not on the payroll). Separate lines have been included to deal with the average staff number relating to staff costs that have been capitalised and to the numbers on outward secondment. The relevant staff numbers should be included within the analysis of total average number of persons employed; they should then be disclosed on the separate lines to enable them to be deducted in arriving at the total net average number of persons employed. There is no need to analyse the staff numbers relating to capitalised costs and outward secondments between Directly employed and Other.
- 2.78 The entries in the Remuneration and Staff report should identify the average numbers of staff employed in each area of activity of the DoH body:

HSC Trusts

- 2.79 Potential staff classifications (if appropriate)

- medical and dental;
- nursing and midwifery;
- professions allied to medicine;
- ancillaries;
- administrative and clerical;
- ambulance staff;
- works;
- other professional and technical;
- social services staff; and
- other.

Other Organisations

- 2.80 Other organisations may use their own classifications, e.g. "staff for commissioning".
- 2.81 The average number of employees is calculated as the Whole Time Equivalent (WTE) number of employees under contract of service in the financial year using daily figures for full time staff.
- 2.82 The 'contracted hours' method of calculating whole time equivalent number should be used for staff working reduced hours. This is calculated by taking the contracted hours of each employee and dividing by the standard working hours to obtain the WTE.
- 2.83 The sum of the entries of all staff groups should be entered as the total.

- 2.84 The average number of employees should be split between;
- Permanently / directly Employed – Staff who would normally appear on the payroll of the DoH body; and
 - Other – Others engaged in the objectives of the DoH body. This will include those on inward secondment or loan from other organisations, agency staff and contract staff.

Staff Benefits

- 2.85 This relates to non-pay benefits which are not attributable to individual employees, e.g. group membership of a club. If there are no staff benefits, this should be stated.
- 2.86 Where non pay expenditure including, for instance, gifts of other than token value, employee entertainment or social events and the provision of amenities for the use of all employees, is linked to incentive schemes and exceeds £100,000 in the year, the details of the amount and type of expenditure should be stated.
- 2.87 Where total non-pay expenditure is less than £100,000 no disclosure is required.

DoH body Management Costs

- 2.88 Management Costs – for HSC Trusts the definition to be used is based on that circulated under HSS (THR) 2/98 and HSS (THR) 5/98 by Organisations and Human Resources Directorate of the Department, as amended by HSS (THR) 2/99.
- 2.89 Management Costs – for SSPG – Management costs should also be calculated on the same basis as previously calculated.
- 2.90 Total income is calculated as RRL per note 22.1, 'Revenue Resource Limit' excluding the non-cash RRL provided for the in-year charge in respect of the clinical negligence provision plus income included at notes Note 4.1 to 4.3 less interest receivable.
- 2.91 There is no requirement for Agencies and NDPB's to provide management costs. Due to the size of these bodies, it will continue that only HSC Trusts will provide these figures.

Audit and Accountability Report

- 2.92 This report should provide details of how the organisation has complied with regularity of expenditure guidance, and include the information required in FReM 6.2. Where information is to be disclosed it should be in the format of the tables included in the **NDPB Green proforma**.
- 2.93 Further guidance is available at HSC(F) 50-2012, which relates to Losses and Special Payments (including compensation payments) and contains guidance on matters such as:
- categories;
 - approval procedures for those which exceed delegated limits; *and*
 - accounting treatment for disclosure.
- 2.94 Note that interest and compensation payments under the late Payment of Commercial debts Regulations 2002 are classed as fruitless payments (made because there is an obligation to make but for which no benefit is received) and as such should be recorded as a loss (refer to circular HSC (F) 53-2010).

3. Financial Statements

- 3.1 Chapter 7 of FReM together with the NDPB Green pro-forma accounts template set out the requirements and format to be followed for the Financial Statements.
- 3.2 This section provides DoH specific information in relation to the Notes to the accounts and provides suggested wording for Accounting Policies. DoH bodies may adapt this to suit their individual requirements or include additional policies where appropriate. Accounting policies which are not applicable should not be included and notes should only be included where additional information is material, i.e. where its omission or misstatement could influence the decisions of users taken on the basis of the financial statements.

Notes to the [DoH BODY] Resource Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in a form determined by the Department of Health based on guidance from the Department of Finance's Financial Reporting Manual (FReM) and in accordance with the requirements of Article 90(2) (a) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14) as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003. (All DoH bodies to insert relevant Order).

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the DoH body for the purpose of giving a true and fair view has been selected. The particular policies adopted by the DoH body are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities.

1.2 Property, Plant and Equipment

Property, plant and equipment assets comprise Land, Buildings, Dwellings, Transport Equipment, Plant & Machinery, Information Technology, Furniture & Fittings, and Assets under Construction. This includes donated assets.

Recognition

Property, plant and equipment *must* be capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or operational capacity will be supplied to, the entity;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; *and*

- the item has a cost of at least £5,000 *or*
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £1,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

On initial recognition property, plant and equipment are measured at cost including any expenditure such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid, or a liability has been incurred.

Valuation

All Property, Plant and Equipment are carried at fair value.

Fair value of Property is estimated as the latest professional valuation revised annually by reference to indices supplied by Land and Property Services.

Fair value for Plant and Equipment is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS), except for assets under construction which are carried at cost, less any impairment loss.

RICS, IFRS, IVS & HM Treasury compliant asset revaluation of land and buildings for financial reporting purposes are undertaken by Land and Property Services (LPS) at least once in every five year period. Figures are then restated annually, between revaluations, using indices provided by LPS.

The last asset revaluation was carried out on 31 January 2025 by Land and Property Services (LPS).

Fair **values are** determined as follows:

- Land and non-specialised buildings – open market value for existing use;
- Specialised buildings – depreciated replacement cost; *and*
- Properties surplus to requirements – the lower of open market value less any material directly attributable selling costs, or book value at date of moving to non-current assets.

Modern Equivalent Asset

DoF has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. Land and Property Services (LPS) have included this requirement within the latest valuation.

Assets Under Construction (AUC)

Assets classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid, or a liability has been incurred. They are carried at cost, less any impairment loss. Assets under construction are revalued and depreciation commences when they are brought into use.

Short Life Assets

Short life assets are not indexed. Short life is defined as a useful life of up to and including 5 years. Short life assets are carried at depreciated historic cost as this is not considered to be materially different from fair value and are depreciated over their useful life.

Where estimated life of fixtures and equipment exceed 5 years, suitable indices will be applied each year and depreciation will be based on indexed amount.

Revaluation Reserve

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

1.3 Depreciation

No depreciation is provided on freehold land since land has unlimited or a very long established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and which meet the definition of "non-current assets held for sale" are also not depreciated.

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and similarly, amortisation is applied to intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or operational capacity of the assets. Assets held under finance leases are also depreciated over the lower of their estimated useful lives and the terms of the lease. The estimated useful life of an asset is the period over which the ALB expects to obtain economic benefits or operational capacity from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The following asset lives have been used (*the below listed are suggested useful lives and each DoH body should consider and include useful lives relevant to their own asset base*).

Asset Type	Asset Life
Freehold Buildings	25 – 60 years
Leasehold property	Remaining period of lease
IT assets	3 – 10 years
Intangible assets	3 – 10 years
Other Equipment	3 – 15 years

Impairment loss

If there has been an impairment loss due to a general change in prices, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure within the Statement of Comprehensive Net Expenditure. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Statement of Comprehensive Net Expenditure and an amount up to the value of the impairment in the revaluation reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial

impairment loss. The reversal of the impairment loss is credited firstly to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.4 Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure which meets the definition of capital restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written out and charged to operating expenses.

The overall useful life of the DoH body's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those assets at the same rate as if separate components had been identified and depreciated at different rates.

1.5 Intangible assets

Intangible assets includes any of the following held - software, licences, trademarks, websites, development expenditure, Patents, Goodwill and intangible assets under construction. Software that is integral to the operating of hardware, for example an operating system is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible non-current asset. Internally generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or operational capacity;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; *and*
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the ALB's business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or operational capacity be provided to, the DoH body; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

The amount recognised for internally generated intangible assets is the sum of the expenditure incurred from the date of commencement of the intangible asset, until it is complete and ready for use.

Intangible assets acquired separately are initially recognised at fair value.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, and as no active market currently exists depreciated replacement cost has been used as fair value.

1.6 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that the sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value, less any material directly attributable selling costs. Fair value is open market value, where one is available, including alternative uses.

Assets classified as held for sale are not depreciated.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount. The profit from sale of land which is a non-depreciating asset is recognised within income. The profit from sale of a depreciating asset is shown as a reduced expense. The loss from sale of land or from any depreciating assets is shown within operating expenses. On disposal, the balance for the asset on the revaluation reserve is transferred to the Statement of Comprehensive Net Expenditure reserve. Property, plant or equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.7 Inventories

Inventories are valued at the lower of cost and net realisable value and are included exclusive of VAT. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.8 Income

Income is classified between Revenue from Contracts and Other Operating Income as assessed in line with organisational activity, under the requirements of IFRS 15 and as applicable to the public sector. Judgement is exercised in order to determine whether the five essential criteria within the scope of IFRS 15 are met in order to define income as a contract.

Income relates directly to the activities of the DoH body and is recognised on an accruals basis when, and to the extent that a performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Where the criteria to determine whether a contract is in existence is not met, income is classified as Other Operating Income within the Statement of Comprehensive Net Expenditure and is recognised when the right to receive payment is established.

Income is stated net of VAT.

1.9 Grant in aid

Funding received from other entities, including the Department, are accounted for as grant in aid and are reflected through the Statement of Comprehensive Net Expenditure Reserve.

1.10 Investments

The [DoH body] does not have any investments / the Charitable Trust Fund investments have been consolidated.

1.11 Research and Development expenditure

Research and development (R&D) expenditure is expensed in the year it is incurred in accordance with IAS 38.

Following the introduction of the 2010 European System of Accounts (ESA10), and the change in budgeting treatment (from the revenue budget to the capital budget) of R&D expenditure, additional disclosures are included in the notes to the accounts. This treatment was implemented from 2016-17.

1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.13 Leases

Under IFRS 16 Leased Assets which the [DoH body] has use/control over and which it does not necessarily legally own are to be recognised as a 'Right-Of-Use' (ROU) asset. There are only two exceptions:

- short term assets – with a life of up to one year; and
- low value assets – with a value equal to or below the Department's threshold limit which is currently £5,000.

Short term leases

Short term leases are defined as having a lease term of 12 months or less. Any lease with a purchase option cannot qualify as a short term lease. The lessee must not exercise an option to extend the lease beyond 12 months. No liability should be recognised in respect of short-term leases, and neither should the underlying asset be capitalised.

Lease agreements which contain a purchase option cannot qualify as short-term.

Examples of short term leases are software leases, specialised equipment, hire cars and some property leases.

Low value assets

An asset is considered "low value" if its value, when new, is less than the capitalisation threshold. The application of the exemption is independent of considerations of materiality. The low value assessment is performed on the underlying asset, which is the value of that underlying asset when new.

Examples of low value assets are, tablet and personal computers, small items of office furniture and telephones.

Separating lease and service components

Some contracts may contain both a lease element and a service element. DoH bodies can, at their own discretion, choose to combine lease and non-lease components of contracts, and account for the entire contract as a lease. If a contract contains both lease

and service components IFRS 16 provides guidance on how to separate those components. If a lessee separates lease and service components, it should capitalise amounts related to the lease components and expense elements relating to the service elements. However, IFRS 16 also provides an option for lessees to combine lease and service components and account for them as a single lease. This option should help DoH bodies where it is time consuming or difficult to separate these components.

The [DoH body] as lessee

The ROU asset lease liability will initially be measured at the present value of the unavoidable future lease payments. The future lease payments should include any amounts for:

- Indexation;
- amounts payable for residual value;
- purchase price options;
- payment of penalties for terminating the lease;
- any initial direct costs; and
- costs relating to restoration of the asset at the end of the lease.

The lease liability is discounted using the rate implicit in the lease.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the ALB's surplus/deficit.

The difference between the carrying amount and the lease liability on transition is recognised as an adjustment to taxpayers equity. After transition the difference is recognised as income in accordance with IAS 20.

Subsequent measurement

After the commencement date (the date that the lessor makes the underlying asset available for use by the lessee) a lessee shall measure the liability by;

- Increasing the carrying amount to reflect interest;
- Reducing the carrying amount to reflect lease payments made; and
- Re-measuring the carrying amount to reflect any reassessments or lease modifications, or to reflect revised in substance fixed lease payments.

There is a need to reassess the lease liability in the future if there is:

- A change in lease term;
- change in assessment of purchase option;
- change in amounts expected to be payable under a residual value guarantee; or
- change in future payments resulting from change in index or rate.

Subsequent measurement of the ROU asset is measured in same way as other property, plant and equipment. Asset valuations should be measured at either 'fair value' or 'current value in existing use'.

Depreciation

Assets under a finance lease or ROU lease are depreciated over the shorter of the lease term and its useful life, unless there is a reasonable certainty the lessee will obtain

ownership of the asset by the end of the lease term in which case it should be depreciated over its useful life.

The depreciation policy is that for other depreciable assets that are owned by the entity.

Leased assets under construction must also be depreciated.

The [DoH body] as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the DoH body's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the DoH body's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The [DoH body] will classify subleases as follows:

- If the head lease is short term (up to 1 year), the sublease is classified as an operating lease;
- otherwise, the sublease is classified with reference to the right-of-use asset arising from the head lease, rather than with reference to the underlying asset.

1.14 Private Finance Initiative (PFI) transactions

DoF has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The ALB therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including replacement of components; *and*
- c) Payment for finance (interest costs).

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within operating expenses.

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PFI Asset

A PFI Asset will be measured in one of two ways:

- a) Where the contract is able to be split between the service element, the interest charge and the infrastructure asset, the asset will initially be measured in accordance with IFRS 16 with the interest charge and the service element recognised in the Statement of Comprehensive Income over the term or the lease; or

- b) Where there is a unitary payment stream that includes infrastructure and service elements that cannot be separated the service element of the payments must be estimated by obtaining information from the operator or by using the fair value approach. The fair value of the asset will determine the amount to be recorded with the offsetting liability. The total unitary payment will then be split into three elements, the service charge, the repayment of capital and the interest expense.

Where the interest rate cannot be determined the rate provided by HM Treasury.

PFI liability

A PFI liability is recognised at the same time as the PFI asset is recognised. It is measured initially at the capital value of the lease in accordance with IFRS 16. The liability does not include the interest or service charges, these elements are charged within the Statement of Comprehensive Net Expenditure.

Indexation linked payments in PPP liabilities should be recorded in accordance with IFRS 16.

Under IFRS 16 the liability must be remeasured if there is a change in future lease payments resulting from a change in the rate/index used to determine the lease payments. This does not include estimated future indexation linked payments.

The two elements required are:

- a) Initial measurement - the future PPP liability at 1 April 2023 will include the indexation linked changes to the capital element which have taken effect in the cash flows since the PPP arrangement commenced.
- b) Subsequent measurement of the PPP liability for index linked changes will happen when there is a change in cash flows such as when adjustments to the lease.

Assets contributed by the DoH body to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the DoH body's Statement of Financial Position.

1.15 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The [DoH body] has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

Financial assets

Financial assets are recognised on the Statement of Financial Position when the DoH body becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired, or the asset has been transferred.

Financial assets are initially recognised at fair value. IFRS 9 requires consideration of the expected credit loss model on financial assets. The measurement of the loss allowance depends upon the DoH body's assessment at the end of each reporting period as to

whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument, where judged necessary.

Financial assets are classified into the following categories:

- financial assets at fair value through Statement of Comprehensive Net Expenditure;
- held to maturity investments;
- available for sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the DoH body becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

Financial risk management

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size, therefore the [DoH body] is not exposed to the degree of financial risk faced by business entities.

There are limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing its activities. Therefore the [DoH body] is exposed to limited credit, liquidity or market risk.

Currency risk

The [DoH body] is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. There is therefore low exposure to currency rate fluctuations.

Interest rate risk

The [DoH body] has limited powers to borrow or invest and therefore there is low exposure to interest rate fluctuations.

Credit risk

Because the majority of the [DoH body's] income comes from contracts with other public sector bodies, there is low exposure to credit risk.

Liquidity risk

Since the [DoH body] receives the majority of its funding through its principal Commissioner, which is voted through the Assembly, there is low exposure to significant liquidity risks.

1.16 Provisions

In accordance with IAS 37, provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that the DoH body will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the relevant discount rates provided by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received, and the amount of the receivable can be measured reliably.

1.17 Contingent liabilities/assets

In addition to contingent liabilities disclosed in accordance with IAS 37, the DoH body discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

Under IAS 37, the DoH body discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the DoH body, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the DoH body. A contingent asset is disclosed where an inflow of economic benefits is probable.

1.18 Employee benefits

Short-term employee benefits

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 20XX. It is not anticipated that the level of untaken leave will vary significantly from year to year. [Untaken flexi leave is estimated to be immaterial to the DoH body and has not been included]

Retirement benefit costs

Past and present employees are covered by the provisions of the [name of the scheme].
Details of Scheme here.

DoH bodies should disclose details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analyses. To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, entities should disclose a description of any funding arrangements and funding policy that affect future contributions, the expected contributions to the plan for the next annual reporting period, and information about the maturity profile of the defined benefit obligation. Where relevant, an entity should disclose a description of any asset-liability matching strategies used by the entity, including the use of annuities and other techniques.

The [DoH body] participates in the HSC Pension Scheme. Under this multi-employer defined benefit scheme both the ALB and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DoH. The DoH body is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

The costs of early retirements are met by the DoH body and charged to the Statement of Comprehensive Net Expenditure at the time the DoH body commits itself to the retirement.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required with sufficient regularity that the amounts recognised in the financial statements do not differ materially from those determined at the reporting period date. This has been interpreted in the FReM to mean that the period between formal actuarial valuations shall be four years. The actuary reviews the most recent actuarial valuation at the statement of financial position date and updates it to reflect current conditions. The scheme valuation data provided for the 2020 actuarial valuation will be used in the 2025-26 accounts. The 2020 valuation assumptions will be retained for most demographic assumptions apart from the assumption for future longevity improvements, which are assumed to be in line with the 2022-based population projections for the United Kingdom published by the Office for National Statistics (ONS) on 28 January 2025. Financial assumptions are updated to reflect recent financial conditions. The 2024 valuation is underway but not sufficiently progressed to be used in the 2025-26 accounts.

1.19 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the ALB has no beneficial interest in them. Details of third party assets are given in Note XX to the accounts.

1.21 Government Grants

The note to the financial statements distinguishes between grants from UK government entities and grants from European Union.

1.22 Losses and Special Payments

Losses and special payments are items that the Assembly would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments.

They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had DoH bodies not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.23 Charitable Trust Account Consolidation

DoH bodies are required to consolidate the accounts of controlled charitable organisations and funds held on trust into their financial statements. As a result, the financial performance and funds have been consolidated. The DoH bodies have accounted for these transfers using merger accounting as required by the FReM.

However, the distinction between public funding and the other monies donated by private individuals still exists.

All funds have been used by Health and Social Care Trust as intended by the benefactor. The Gifts and Endowments/Charitable Trust Fund Committee within Trusts manage the internal disbursements. The committee ensures that charitable donations received by the Trust are appropriately managed, invested, expended and controlled, in a manner that is consistent with the purposes for which they were given and with the Trust's Standing Financial Instructions, Departmental guidance and legislation.

All such funds are allocated to the area specified by the benefactor and are not used for any other purpose than that intended by the benefactor.

1.24 Accounting Standards issued but not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements

“IFRS 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.”

IFRS 19 Subsidiaries without Public Accountability: Disclosures

“IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.”

This paragraph may be amended by DoF if anything changes before accounts are finalised.

Each DoH body should consider and disclose relevant figures in respect of measurement of the impact as judged necessary by each entity. If no material impact and no disclosures are required, the following wording may be used:

Management currently assesses that there will be minimal impact on application to the [DoH body's] consolidated financial statements.

Note 2: Segmental Reporting

See FReM 7.6.10 and Note 2 NDPB Green for requirement and format.

Note 3: Expenditure

See FReM 7.6.11 and Note 3 NDPB Green for requirement and format, including the standard categories of expenditure to be included.

Note that the Salaries and wages, Social security costs and Other pension costs total from Note 3 will not agree to the total staff costs disclosed within the Staff Report as Note 3 will exclude costs charged to capital.

In line with FReM guidance as payment of the apprentice levy is considered a form of taxation, costs in respect of the Apprenticeship Levy (introduced from 1 April 2017) should be included within Staff costs as a component of Salaries and Wages.

Some further suggested expenditure categories are set out below however DoH bodies should amend headings as necessary where expenditure is significant to aid transparency of accounts.

Purchase of care from non DoH bodies
Revenue grants to voluntary organisations
Capital grants to voluntary organisations
Personal Social Services
Recharges from other HSC organisations
Supplies and Services – Clinical
Supplies and Services – General
Establishment – this relates to general expenses such as telephone costs, stationery, printing and staff expenses
Transport
Premises – examples could include repairs and maintenance and utilities
Bad Debts. This is the total of any bad debts written off in the year (previously unprovided for).

SSPG

SSPG costs include a “Commissioning cost” category in addition to the standard categories of “Operating expenses” and “Non cash”. Suggested headings for these commissioning costs include:

- General Medical Services, General Dental Services, General Pharmaceutical Services, General Ophthalmic Services;
- NHS Trusts;
- Other providers of healthcare and personal social services; and
- Capital grants to voluntary bodies.

Note 4: Income

See Note 4 NDPB Green for requirement and format.

Note that Grant in Aid is excluded from the Income note and treated as financing and credited to the General Fund, for example Service and Budgets Agreements (SBA) income, NIMDTA, Support for Undergraduate Medical and Dental Education (SUMDE) and DoH funding.

Note 4.1 Revenue from Contracts with Customers

The headings below are a summary of *potential* categories of income that may be used by each DoH body within the Income note, if appropriate to the organisation. Other headings can be added for significant categories when judged necessary.

- **GB/Republic of Ireland Health Authorities**
- **DoH bodies**
- **Non-HSC**
 - i **Private Patients** This entry records all income received and receivable from private patients; *and*
 - ii **Other** This entry records all income received and receivable for the provision of patient care etc, from agencies other than the Department, UK NHS bodies or UK private patient organisations.
- **Clients Contributions**
- **Income from Department of Education** – This is income for Surestart;
- **CAWT** – Cooperation and working together
- **Family Health Services Receipts**

Note 4.2 Other Operating Income

Below provides a number of potential headings which may be applicable to each DoH body for other operating classifications.

- **Income from non-patient services** - Examples of such items may include the manufacture and sale of drugs, laundry services managed by the DoH body, pharmacy, laboratories and radiology and other income generation receipts.
- **Charitable and other Contributions to Expenditure**
- **Donations / Government grant / Lottery funding for non-current assets.**

All government grants and donated assets should be recognised as income reflecting the conditions or restrictions placed on their use by the providers. They should be recognised when receivable unless there are conditions on their use which, if not met, would mean the grant is repayable. In such cases, the income should be deferred and released when the obligations are met (these conditional

grants should be transferred to current / non-current liabilities as deferred income until the conditions are met). Where a grant has only restricted use (and not conditional) it should be recognised as income immediately.

- **Seconded Staff**
- **Profit on disposal of land**
- **Research and development**
- **Other Income.** This covers any other income not chargeable to the above headings. Material amounts must be specified as appropriate.
- **Income released from conditional grants** - This should be appropriately classified between Revenue from Contracts and Other Operating Income.
- **Research and development income released** - This should be appropriately classified between Revenue from Contracts and Other Operating Income.

Note 5 Property, Plant & Equipment (PPE)

The purpose of this note is to identify by category the Property, plant & equipment assets held by the DoH body (including those held under finance leasing arrangements), and the movements in the value of Property, plant & equipment assets during the reporting year.

IAS 16 requires the full disclosure of the comparative PPE note, therefore note 5.1 is for current year PPE, and note 5.2 is for prior year PPE. See Note 5 NDPB Green for format and Chapter 10 of FReM for further information.

Assets should be valued in accordance with the appropriate guidance and updated for any IFRS changes. Where changes to the value of existing assets are recorded as a result of indexation or revaluation, corresponding entries should be made to the revaluation reserve. DoH bodies should note that assets in the course of construction are not subject to indexation.

On disposal of an asset, the profit or loss should be taken to the Statement of Comprehensive Net Expenditure Account for the reporting period.

Potential categories of asset -

- **Land** –any land holdings and land underlying buildings;
- **Buildings (excluding dwellings)** – for example: hospitals, office accommodation and storage facilities;
- **Dwellings** – buildings used primarily or entirely as residences, including any associated structures such as garages and parking areas.
- **Assets under construction** – Assets currently being built and not yet available for use;
- **Plant and Machinery (Equipment)** – those assets not covered by other categories, including scientific aids and logistics equipment;
- **Transport Equipment** - equipment for moving people and/or objects, for example cars, lorries, vehicles, ambulances and aircraft;
- **Information Technology (IT)** –hardware used for processing data and communications; and
- **Furniture and fittings** – office fittings, furniture, showcases, shelving etc.

The changes between the opening and closing net book value are given for each category of asset. For each category total amounts should be given of additions, indexation, revaluation and disposals. Depreciation should be in accordance with the appropriate guidance. Note that disposals are recorded at book value.

As part of the PPE note entities are required, in the year the asset is acquired, to separately disclose the fair value of those assets funded by government grant, donation or lottery funding. Where the funder provides cash, rather than physical assets, any difference between the cash provided and the fair value of the assets acquired should also be disclosed.

In line with IAS 16 PPE and in preparation for the introduction of Review of Financial Process (RoFP) the following lines must be included in the PPE note:

- Impairment charged to the SoCNE; *and*
- Impairment charged to the Revaluation Reserve.

Negative revaluation is to be treated in the same way as negative indexation, i.e. as impairment where an asset is revalued below its historical cost carrying amount.

Finance Leases/Hire Purchase - DoH bodies should identify the net book value of assets held under such arrangements for each of the categories of assets shown above as at 31 March of the reporting year and previous year. The total amount of depreciation charged to the Statement of Comprehensive Net Expenditure in respect of such assets for the reporting year should be shown together with a comparative figure for the previous year.

Under IFRS 16 Right of Use Assets held under lease will also be disclosed in note 16.

Entities to include a note giving names and qualifications of the valuers of any assets, what assets they valued and date on which they were valued. The note should also state that PPE are valued using indices (if appropriate).

LPS have provided the following paragraph for inclusion in the 2024-25 account in relation to the ongoing global fiscal, economic and political factors.

Since the last revaluation exercise was undertaken, the risks to the client's land and building portfolio as a result of ongoing global fiscal, economic and political factors have lessened significantly. Whilst the cost of living crisis remains an issue predicted energy price reductions over the coming months should ease some of the pressure on household budgets and lead to more positive economic sentiment, injecting much needed confidence into markets. Currently most sectors across the Northern Ireland property market are experiencing sufficient levels of transactional activity on which to base opinion, negating the need to declare Material Uncertainty and an improving economic outlook will help to sustain this position. This paragraph may be amended by DoF if anything changes before accounts are finalised.

Note 6 Intangible Assets

The purpose of this note is to identify by category the intangible assets held by the organisation, and the movements in the value of intangible assets during the reporting year.

IAS 16 requires the full disclosure of the comparative intangible note, therefore note 6.1 is for current year intangibles and note 6.2 for prior year intangibles. See Note 6 NDPB Green for format and Chapter 10 of FReM for further information.

Potential categories of intangible asset:

- **Information Technology** – software developed in-house or by third parties (but not software licences);
- **Software licences** – the right to use software developed by third parties;
- **Websites**;
- **Development expenditure**;
- **Licences, trademarks and artistic originals** – original films, sound recordings, etc on which performances are recorded or embodied;
- **Patents** – inventions that are afforded patent protection;
- **Goodwill**; and
- **Payments on account and intangible Assets under Construction.**

Intangible assets held for operational use are valued at historical cost, unless a readily ascertainable market value exists for the particular asset. As there is no active market intangible assets are maintained at historical cost.

In line with IAS 16 PPE and in preparation for the introduction of Review of Financial Process (RoFP) the following lines must be included in the Intangible note:

- Impairment charged to the SoCNE; and
- Impairment charged to the revaluation reserve.

Negative revaluation is to be treated in the same way as negative indexation, i.e. as impairment where an asset is revalued below its historical cost carrying amount.

Intellectual property and licenses to use software could arise as intangible assets. In these cases, IAS 38 applies. If IAS 38 applies and the life is considered finite amortisation should take place over the estimated useful life.

As part of the Intangible assets note entities are required, in the year the asset is acquired, to separately disclose the fair value of those assets funded by government grant, donation or lottery funding. Where the funder provides cash, rather than physical assets, any difference between the cash provided and the fair value of the assets acquired should also be disclosed.

Note 7: Impairments

See Chapter 10.4 of FReM for details.

Entities are required to disclose the total impairment charge for the year showing how much has been charged direct to the Statement of Comprehensive Net Expenditure (SoCNE) (within the Net Expenditure total) and how much has been taken through to the Revaluation Reserve (this amount will be disclosed within the “Other Comprehensive Expenditure” section of the Statement of Comprehensive Net Expenditure). Impairments due to a general fall in prices is recognised firstly in the Revaluation Reserve and if there is not enough in the revaluation reserve to cover, the remaining amount is taken to the SoCNE.

Economic impairments are taken in full directly to the SoCNE (with a corresponding transfer from the Revaluation Reserve to the General Reserve for any amount which could have been used had it been permitted).

The total impairment charge is taken from the PPE, Intangibles and investments notes, should include negative indexation and is net of reversal of impairments (see below). This should be analysed between PPE, intangibles, and investments in ‘Other comprehensive net expenditure’ within the SoCNE.

Reversal of impairments – Where an impairment loss recognised in a previous period reverses, it should be recognised firstly in the SoCNE, to the extent that the original impairment loss was recognised in the SoCNE. Any remaining balance of the reversal of impairment should be recognised in the revaluation reserve.

Note 8: Financial Instruments

See FReM 7.6.13.

IAS 32, 39 & IFRS 7 Financial Instruments: Disclosure, recognition and Presentation establishes principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.

The standard defines a financial instrument as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset is, mainly, an asset that is either cash or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Examples include investments, loans, receivables and cash.

A financial liability is a liability that is, mainly a contractual obligation to deliver cash to another entity or to exchange financial assets or liabilities on unfavourable terms. Examples include payables and provisions that are subject to contracts.

Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within DoH bodies in creating risk than would apply to a non-public sector body of a similar size. Therefore, DoH bodies are not exposed to the degree of financial risk faced by business entities. DoH bodies have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the DoH bodies in undertaking activities. Therefore, the HSC is exposed to little credit, liquidity or market risk.

Per NDPB Green Note 9, **only where the DoH body is exposed to risk should the appropriate IFRS 7 disclosures be made** and the carrying values follow the requirements of FReM, IAS 32 and IFRS 9 within IFRS 7 to the extent that they are relevant, material financial risk includes significant credit risk from receivables. Disclosures should be given only where they are necessary because the DoH body holds financial instruments that are complex or play a significant medium to long term role in the financial risk profile of the DoH body.

IFRS 7 Financial Instruments, Disclosures requires entities to provide disclosures in their financial statements that enable users to evaluate:

- The significance of financial instruments for the entity's financial position and performance; and
- The nature and extent of risks arising from the financial instruments to which the entity is exposed during the period and at the end of the reporting period and how the entities manage those risks.

The headings in IFRS 7 should be used to the extent that they are relevant. Where a DoH body does not face significant medium to long term financial risks, then it is sufficient to make a statement to that effect, (silence is not an option). Suggested wording, if applicable, is as stated below:

As the cash requirements of [DoH body] are met through Grant-in-Aid provided by the Department of Health, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the [DoH body's] expected purchase and usage requirements and the [DoH body] is therefore exposed to little credit, liquidity or market risk.

Note 9: Investments and loans

As per FReM the following standards should be used by DoH bodies for investments and loans: IFRS 9, IFRS 11, IAS 28 and IAS 40, where applicable to each DoH body. Categories appropriate for inclusion under Investments and Loans for DoH bodies are Charitable Trust Fund (CTF) investments, loans to GPs under the GP Infrastructure Loan scheme (Financial Transaction Capital (FTC) loans) and any other investments.

There is no standard note within NDPB Green for investments, therefore the format below should be followed, including each heading and line as appropriate.

	Charitable Trust Fund	Financial Transactions Capital	Other investments	Total
Balance at 1 April				
Additions				
Disposals				
Repayments and redemptions				
Interest capitalised				
Revaluations				
Impairments				
Balance at 31 March				

Note 10 Non-current Assets held for sale and Discontinued Operations

Per IFRS 5 Non-current assets held for sale comprise non-current assets that are held for resale rather than continuing use in the business. **Where material** DoH bodies should provide a note analysing movements in assets held for sale. See IFRS 5 for specific disclosure requirements.

When a non-current asset is classified as held for sale the factors or circumstances of the sale must be disclosed along with the expected timing of sale. Once a non-current asset is classified as held for sale it is no longer depreciated.

Note 11: Inventories

See Note 11 NDPB Green and FReM 10.4 for further information.

IAS 2 applies, as interpreted, to all DoH bodies. **Where material**, DoH bodies should provide a note analysing inventories by significant categories. IAS 2 lists the specific disclosure requirements.

IAS 2 requires inventories to be measured at the lower of cost and net realisable value. Their sub-classification in the Statement of Financial Position or in the notes to the financial statements should indicate the amounts held in each of the main categories in the standard statement of financial position formats.

This note represents the total value of stocks and work-in-progress. Part completed contracts for the provision of healthcare services do not represent work in progress but may be accrued as receivables. This note provides an analysis of physical stocks held by the DoH body as at the 31 March of the reporting year.

The figures should include:

- directly consumable items;
- any products in intermediate stages of completion where processing or manufacture of such items is carried out by the DoH body; and
- finished goods.

Inventories should be listed by classification for e.g.; clinical, general, other.

The figures should exclude:

- the provision of health care services under partially completed contracts, and
- assets in the course of construction.

DoH bodies should ensure that any changes in the designation of items of stock comply with IAS 2. If a DoH body changes the treatment of certain items of stock, then it should make a prior period adjustment in accordance with IAS 8 if the change is material.

Note 12: Cash and Cash Equivalents

DoH bodies should disclose the opening position, the net change in balances and the closing position separately for cash and cash equivalents. DoH bodies should refer to IAS 7 for further guidance on disclosures.

Cash and cash equivalents includes the total value of the DoH bodies short term investments. (If there is an overdrawn amount this should be shown as a minus figure).

Short term investments have a maturity of less than one year at the date of purchase. Long-term investments can be considered to be those which are intended to be retained for more than one year from the Financial Position date and should be included within the Investments Note 8.

Valuation should be the lower of purchase price or net realisable value.

If the investments are listed, the market value should be shown if this differs from the valuation in the accounts.

Amendments to IAS 7 have now introduced a requirement for DoH bodies to provide additional disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The liabilities disclosed should be tailored to each DoH body's financing activities. This can be disclosed in either a narrative or tabular format.

Note 13: Trade Receivables, financial and other assets

The purpose of this note is to identify the DoH body's receivables and the sector to which they relate. The note is in two sections for amounts due in less than one year and more than one year.

Receivables should be analysed into the following categories;

- Trade receivables;
- Deposits and advances;
- Other receivables (where material, should be analysed and any significant items disclosed separately)
- Prepayments
- Accrued income;
- Contract assets; *and*
- Current part of PFI contracts and other service concession arrangements receivable.

Significant receivable balances should be identified separately. The above is the recommended disclosure as per NDPB Green format of accounts.

Receivable balances should be net of the provision made for bad debts and should correspond to the amount shown on the face of the Statement of Financial Position as "receivables". The provision for bad debts should be disclosed separately.

If applicable receivables relating to capital should be separately identified.

Any amounts recoverable after more than one year should be separately identified within this note and under the appropriate category of receivable noted above, these will be shown under Non-Current Assets on the face of the Statement of Financial Position.

Note 14: Trade Payables, financial and other liabilities

The purpose of this note is to provide an analysis of the payables of the DoH body as at the Financial Position date. The note is in two sections for amounts due in less than one year and more than one year.

Payables should be analysed into the following categories:

- VAT
- Other Taxation and Social Security;
- Bank Overdrafts - This is the total value of all overdrafts held by the DoH body at the Financial Position date;
- Trade Payables;
- Other payables (where material, should be analysed and any significant items disclosed separately)
- Accruals.
- Deferred income – this will include the element of income deferred in relation to conditional government grants i.e. if a grant has been received with conditions attached, which if not met, would mean the grant is repayable, then income should be deferred and released when the obligations are met. The element of income deferred should be included here or within the same category within amounts payable after more than one year;
- Contract liabilities;
- Current part of lease liabilities;
- Current part of capital and interest lease elements of PFI contracts and other service concession arrangements;
- Current part of long term loans.

Significant payable balances should be identified separately. The above is the recommended disclosure as per NDPB Green format of accounts.

Payables: Amounts falling due after more than one year.

Any amounts payable after more than one year should be separately identified within this note and under the appropriate category of payable noted above, these will be shown under Non-Current Liabilities on the face of the Statement of Financial Position.

Note 15: Provisions for Liabilities and Charges

This note analyses changes in the provisions for liabilities and charges as required by IAS37. The figures must be analysed over the column headings shown and between:

- **Provided in year** - this relates to increases to existing provisions or new provisions. Gross amounts taken to the Statement of Comprehensive Net Expenditure for the present year for all provisions.
- **Utilised during the year** - this relates to reductions in provisions during the current year due to:
 - payments during the year against a provision;
 - payments becoming sufficiently certain to transfer to payables; and
 - amounts agreed during the year as payable but unpaid at year end. These outstanding amounts are transferred from provisions to payables.

Utilised are accounted for through the Statement of Financial Position only and not through the Statement of Comprehensive Net Expenditure.

- **Not required written back** - this is used for the write back of a provision or part of a provision which is no longer required; and
- **Unwinding of discount** - the increases in provisions due to the unwinding of discount as the settlement date gets nearer are included here.

Provisions must be shown gross. Any amount expected in reimbursement against a provision (and included in receivables) should be disclosed after the table.

The net total of 'Provided in year', 'Not required written back' and 'Unwinding of discount' for all provisions, is the amount charged to the Statement of Comprehensive Net Expenditure for the year and should agree with the operating expenses note.

Provisions not provided for (RRL cover for provisions, particularly clinical negligence) – non cash RRL cover will be provided to cover the cost of the net increase in provisions. In order to ensure that the correct level of RRL cover is provided, where a settlement is made in excess of the value included within the provisions, all organisations should ensure that they process the difference by first creating the relevant additional provision within the Statement of Financial Position. Otherwise, the RRL cover granted will not be sufficient to cover the total costs arising, because settlements will have been created as cash costs directly into the Statement of Comprehensive Expenditure for which there will be no RRL cover.

Estimates provided by DLS in all areas of law including clinical negligence, employers liability, public liability and employment law cover the following cost elements – damages, plaintiffs' solicitors and defence costs (i.e. counsel and expert fees) but not the cost of services provided by DLS.

Expected Timing of Discounted Cash Flows

Following the provisions table, there must be a disclosure of the expected timing of cash flows resulting from the provisions. These should be analysed as follows:

- not later than one year;
- later than one year and not later than 5 years; and
- later than five years.
- This total should equal the provision at the year end.
- Also, for each class of provision, the following must be disclosed:
 - an indication of the uncertainties regarding timings and amounts;
 - any fundamental assumptions made concerning future events; and
 - amount of any potential reimbursements in respect of provisions.

Note 16: Capital and Other Commitments

Note 16.1 Capital commitments

Where material, DoH bodies should disclose contracted capital commitments broken down by asset category. The purpose of this note is to identify amounts committed in relation to future capital developments. Planned developments should be categorised as "contracted" where there is a contractual obligation to proceed.

The estimated amount of the commitment should be shown. With the exception of the first year of operation comparative figures relating to the previous year should also be shown.

Note 16.2 Other financial commitments

The DoH body should note its commitments into non-cancellable contracts other than leases and PFI and other service concession arrangements stating what service is being provided. The payments to which the Organisation is committed should be analysed by the period during which the commitment expires.

Note 17: Commitments under Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

In accordance with IFRS 16 Right of Use (ROU) assets are presented separately from other assets in the Statement of Financial Position.

The following elements are not captured in the measurement of the right of use asset or lease liability, but instead recognised in the SoCNE:

- Depreciation charge for right-of-use assets by class of underlying assets;
- interest expense on lease liabilities;
- the expense related to short-term leases (excluding leases with a lease term of one month or less);
- the expense related to variable lease payments not included in the measurement of lease liabilities; and
- income from subleasing right-of-use assets.

In accordance with IFRS 16 Lessees will also disclose:

Total cash outflow for leases;
Additions to Right of Use assets.

Note 18: Commitments under PFI contracts and other service concession arrangements

Note 18.1: PFI and other service concession arrangement schemes deemed to be off-balance sheet (SoFP)

For each material PFI (and other service concession arrangement) contract, this note should:

- state what the contract is for and note that the property is not an asset of the (name of org);
- give the estimated capital value of the project;
- give details of any prepayments, revisionary interests etc. and how they are accounted for; *and*
- disclose the total payments to which they are committed, distinguishing between those that are due to be made within one year, between one and five years, and later than five years.

Where a PFI and other service concession arrangement transaction does not result in any items being recognised in the balance sheet (SoFP), the transaction may give rise to guarantees, commitments or other rights and obligations which, although not sufficient to require recognition of an asset or liability, requires disclosure in order that the financial statements give a true and fair view.

Note 18.2: ‘Service’ element of PFI and other service concession arrangement schemes deemed to be on-balance sheet (SoFP)

DoH bodies should ensure they disclose total commitments which consist of:

- Payments under the capital and interest elements of the contract; and
- Ongoing service elements committed – these are considered to be charges made to the Statement of Comprehensive Net Expenditure (excluding interest)

DoH bodies should ensure they disclose the total commitments (capital) due within one year, between one and five years, and later than five years. DoH Bodies should also disclose the total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet PFI or other service concession transactions due within one year, between one and five years, and later than five years.

Where there are other charges in the contracts, these should be attributed to capital, interest or service elements, unless considered material to be reported separately. DoH bodies are reminded to refer to the disclosure requirements provided in IFRS 16, IFRIC 12 and SIC 29 when producing PFI and other service concession arrangement disclosures.

Note 19: Contingent Liabilities

The purpose of this note is to disclose material contingent liabilities and gains where they are not accrued or provided for in the accounts and where there is uncertainty as to the eventual outcome. The identification and accounting treatment accorded to such liabilities should be in accordance with IAS 37 “Accounting for Provisions, Contingent Liabilities and Contingent Assets”.

DoH bodies should also list any unquantifiable contingent liabilities they have entered into during the year (with an explanatory narrative including why the contingent liability is unquantifiable).

DoH bodies should indicate the nature of each contingency and should estimate or state the value of the liability and should outline the grounds for uncertainty affecting the eventual outcome.

If there are no contingent liabilities or gains, this should be stated.

In all cases the disclosure should provide:

- a brief description of the nature of the contingent liability;
- where practicable an estimate of the financial effect;
- indication of the uncertainties relating to the amount or timing of cash flows; and
- (contingent liabilities only) the possibility of a reimbursement.

Where any of this information is not disclosed because it is impracticable to do so, that fact must be stated. In extremely rare cases where disclosure of the information could be expected to seriously prejudice the position of the organisation, the general nature of the dispute should be disclosed, together with the fact that, and the reason why, the usual information has not been disclosed.

Note 19.1: Financial Guarantees, Indemnities and Letters of Comfort

The DoH body should note if it has entered into any quantifiable guarantees, indemnities or has provided letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39. The full potential costs of such contracts must be reported. If the DoH body has no such financial guarantees, a note should be made to this effect.

Note 20: Related Party Transactions

The purpose of this section is to comply with the requirements of IAS 24 - The objective of IAS 24 is to ensure that an entity’s financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and income and expenditure position may have been affected by the existence of related parties and by transactions and outstanding balances with such related parties.

In applying IAS 24, entities should be aware of the following interpretations for the public sector context:

- for the purposes of IAS 24.9(a), the related party will be:
 - i the names of the chairman and chief executive; and

- ii the composition of the management board (including advisory and non-executive members) having authority or responsibility for directing or controlling the major activities of the entity during the year. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections with the reporting entity.
- charitable NDPBs may apply the general principle of exemption from related party disclosure in respect of trustees acting as agents of the charity, in accordance with the parameters contained within the Charities SORP;
- entities should give details of material transactions between the entity and individuals who are regarded as related parties;
- the requirement to disclose the compensation paid to management, expense allowances and similar items paid in the ordinary course of an entity's operations will be satisfied by the disclosures made in the notes to the accounts and in the Remuneration Report; and
- in considering materiality, regard should be made to the definition in IAS 1, which requires materiality to be judged "in the surrounding circumstances". Materiality should thus be judged from the viewpoint of both the entity and the related party.

Note 21: Third Party Assets

Third party assets are assets for which an entity acts as custodian or trustee but in which neither the entity nor government more generally has a direct beneficial interest. Third party assets are not public assets and should not be recorded in the primary financial statements. Nor should third-party monies be held in public bank accounts. An example would include money held on behalf of patients. These should be excluded from the accounts.

In the interests of general disclosure and transparency, any third party assets should be reported by way of note. Where significant the note should differentiate between:

- third party monies and listed securities: the minimum level of numerical disclosure required is a statement of closing balances at financial year-end. For listed securities, this will be the total market value. Optionally, when considered significant by the entity and at its discretion, further disclosures may be made, including gross inflows and outflows in the year and the number and types of securities held;
- third party physical assets and unlisted securities: disclosure may be by way of narrative note. For physical assets, the note should provide information on the asset categories involved. Such disclosure should be sufficient to give users of the financial statements an understanding of the extent to which third-party physical assets and unlisted securities are held by the entity; and
- in the event that third party monies are found to have been in a public bank account at the end of an accounting year, commentary should be included in the note on cash at bank and in hand and in the disclosures above on the amount of third party monies held in the bank account.

Note 22: Financial Performance Targets

The Revenue Resource Limit (RRL) is a resource budget set by the Department annually, to cover ongoing operations. Bodies are required to report on the variation from the set limit, which is a financial target to be achieved, and not part of the double entry accounting systems.

The resource limits for a body may be a combination of agreed funding allocated by Commissioners, the Department of Health, other Departmental bodies or other departments.

Organisations are allocated a Revenue Resource Limit (RRL) and a Capital Resource Limit (CRL) and must contain spending within these limits.

HSC bodies must:

- Report their outturn position against the total RRL received (as in previous years); and
- Report their outturn position against the total RRL, less deficit funding received.

The sections below show the standard format of the tables, as well as further explanatory information. Note this explanatory detail does not need to be included in published accounts.

Where information is to be disclosed it should be in the format of the tables included in the **Department Yellow pro-forma**.

Note 22.1: Revenue Resource Limit (RRL)

In line with departmental financial circular HSC (F) 37-2023 HSC Break-even and Financial Recovery, DoH bodies are required to achieve break even on an annual basis – this had been defined as containing net expenditure to within 0.25% of the final agreed Revenue Resource Limits or £20,000 whichever is the greater.

	CY £'000	PY £'000
Revenue Resource Limit (RRL)		
RRL Allocated From:		
Department of Health – Finance Directorate	X	
Department of Health – Strategic Planning & Performance Group	X	
Public Health Agency	X	
Northern Ireland Medical & Dental Training Agency	X	
Other – Specify and list each separately	X	
Total RRL received	X	
Less RRL Issued To:		
Organisation – specify and list each separately	(X)	
Total RRL issued	(X)	
Net RRL position	X	
Revenue Resource Limit Expenditure		
Net Expenditure per SoCNE	Y	
<i>Adjustments to remove items not funded via RRL:</i>		
Capital Grants for R&D	(Y)	
Capital Grants for GP scheme	(Y)	
Research and Development under ESA10 (amounts not capitalised)	(Y)	
Depreciation	(Y)	
Amortisation	(Y)	
Impairments	Y/(Y)	
Increase/decrease in provisions (provisions provided for in year less any release)	Y/(Y)	
PPE Stock Adjustment	(Y)	
PFI and other service concession arrangements/IFRIC 12	(Y)	
Adjustments for income received re Donations/Government Grant/Lottery funding for non current assets	(Y)	
Other (Specify)	(Y)	
Net Expenditure Funded from RRL	Y	
Surplus/(Deficit) against RRL	X-Y	
Surplus/(Deficit) as Percentage of RRL	(X-Y)/X%	

Note also - Report outturn position against the total RRL, less deficit funding received.

Further detail re “Adjustments to remove items not funded via RRL”

In addition to the above RRL limits, DoH Bodies are required to contain non-cash expenditure within agreed limits however no non-cash RRL will be issued. The non cash items included are depreciation, amortisation, impairments, notional charges and provisions. A note should be included within the published resource accounts to indicate if the DoH body has contained non cash expenditure within the agreed limits set by DoH. E.g. “The [name of DoH body] has remained within the budget control limit it was issued”.

SoCNE expenditure should therefore be reduced to remove non cash expenditure to arrive at the expenditure to be funded by RRL.

Note that the net impact of profits or losses on disposals is included within the net expenditure funded via issued RRL.

Research and development and capital grants are budgeted for as capital expenditure but are accounted for as resource expenditure through the Statement of Comprehensive Net Expenditure. Therefore, an adjustment is required to exclude these costs from SoCNE expenditure that is being measured against RRL.

If an entity has a PFI contract or other service concession arrangement which is accounted for under IFRIC 12, then for accounting purposes it is capital and on balance sheet (SoFP), but for budgeting purposes it is revenue. Therefore, spend in the Statement of Comprehensive Net Expenditure account will need to be adjusted to reflect the RRL budget cover.

In 2020-21 HM Treasury allowed a one off change in budgeting treatment for COVID 19 (C-19) related Personal Protective Equipment (PPE) under which year-end stock of C-19 PPE at 31 March 2021 was treated as an RRL funded purchase. There was no change in accounting treatment reflected in the Statement of Comprehensive Net Expenditure and an opposite adjustment was required for 2021/22, 2022/23 and 2023/24 to reverse this one off treatment (depending on when all C-19 PPE was utilised for your body).

BSO / NIBTS

Given that the majority of income for BSO/NIBTS is generated through contracts with other bodies, rather than through RRL, it is recognised that measurement of breakeven as a percentage of RRL would not be practical. Therefore, it has been agreed that the calculation around the tolerance level will be based on RRL plus income from activities.

A full narrative explanation must be given for any material surplus or deficit for the reporting year. The explanation should explain why the surplus or deficit has arisen and the plans (actions and timescales) to restore the body's break even position.

Note that any zero lines in the table should be removed for publication.

Note 22.2: Capital Resource Limit

The Organisation is given a Capital Resource Limit which it is not permitted to overspend.

	CY £'000	PY £'000
Capital Resource Limit (CRL)		
CRL Allocated From:		
Department of Health – Investment Directorate	X	
Department of Health – Strategic Planning & Performance Group	X	
Public Health Agency	X	
Northern Ireland Medical & Dental Training Agency	X	
Other – Specify and list each separately	X	
Total CRL received	X	
Less CRL Issued To:		
Organisation – specify and list each separately	(X)	
Total CRL issued	(X)	
Net CRL position	X	
Capital Resource Limit Expenditure		
Capital expenditure per additions in asset notes	Y	
<i>Adjustments to remove items not funded via CRL:</i>		
Charitable trust fund capital expenditure	(Y)	
PFI and other service concession arrangements	(Y)	
Net Book Value of disposals	(Y)	
<i>Adjustments to add items not capitalised in accounts (i.e. expensed through SoCNE) but funded via CRL</i>		
Research and Development under ESA10 (amounts not capitalised)	Y	
Capital Grants for R&D	Y	
Capital Grants for GP scheme	Y	
Other (Specify)	Y	
Net Expenditure Funded from CRL	Y	
Surplus/(Deficit) against CRL	X-Y	

Further detail re adjustments

There are a number of adjustments to be made to reconcile from capital spend in the accounts (shown as additions in the asset notes) to the Capital Resource Limit (CRL) issued as capital budget cover.

There can be asset additions in the resource accounts that have been funded by the body's Charitable Trust Fund. Therefore, this spend needs to be removed from the total additions to reconcile to the CRL funded additions.

If an entity has a PFI contract or other service concession arrangement which is accounted for under IFRIC 12, then for accounting purposes it is capital and on balance sheet (SoFP), but for budgeting purposes it is revenue. The capital expenditure will need to be reduced by this IFRIC 12 expenditure to reconcile to the CRL.

Consolidated Budgeting Guidance indicates that the Net Book Value (NBV) of disposals can be treated as capital income and used to fund further capital additions. Therefore, this income needs to be removed from the total additions to reconcile to the CRL.

From 1 April 2016 all research and development expenditure is budgeted for as capital but accounted for as a capital grant (through the statement of comprehensive net expenditure). Therefore, the capital grant spend in the SoCNE needs to be added to the capital additions in the SoFP to align to the CRL.

Note that the “adjustments to add items not capitalised in accounts (i.e. expensed through SoCNE) but funded via CRL” in Note 22.2 should have equal and opposite entries in Note 22.1. Note that for publication these can be collated into one line called "Capital in the SoCNE".

Note that any zero lines in the table should be removed for publication.

Note 23: Events after the reporting period

The objectives of IAS 10 are to prescribe when an entity should adjust its financial statements for events after the reporting period and what disclosures should be given about events after the reporting period, and to require disclosure of the date when the financial statements are authorised.

DoH bodies are required to disclose in this note to the accounts events of the type described in IAS 10. DoH bodies should provide a narrative on each such event stating its nature and giving an estimate of the financial effect or a statement that is not practicable to make such an estimate where this is the case. IAS 10 should be consulted for further guidance on definition and disclosure.

If there are no material events after the reporting period, this should be stated in the note.

Date Authorised for Issue

The following interpretations of IAS 10 for the public sector context apply:

The date of the Accounting Officer's authorisation for issue of the financial statements of the reporting entities covered by this Manual should be the same date as the Comptroller and Auditor General signing date. The date of authorisation for issue must be included as the last note of the Annual Report and Accounts, i.e. after the Events after the Reporting Period note.

The statement should read "The Accounting Officer authorised these financial statements for issue on [insert date of issue]."

4: Patients'/Residents Monies

Introduction

- 4.1 The purpose of the Account of Monies Held on Behalf of Patient/Residents is to account for all such monies held by Trusts. The format of the account is set out below and it should be prepared annually and submitted to the Financial Accounting Unit of the Finance Directorate. There is no requirement to present this account to the Trust board or to the public.

Accounting Principles

- 4.2 The account should be prepared on a receipts and payment basis and should reflect all transactions in the year of account relating to hospital patients and persons in residential accommodation.
- 4.3 Amounts received in the year should include all monies received from or on behalf of patients/residents and brought into account by the Trust.
- 4.4 Interest received should include all interest credited to savings accounts etc. operated by the Trust on behalf of patients/residents.
- 4.5 Amounts paid to or on behalf of patients/residents should reflect all payments made during the year as recorded by the Trust.
- 4.6 In the context of the Schedule of investments refer to the types of account e.g. Post Office Savings, operated by the Trust on behalf of patients/residents.

Audit

- 4.7 The accounts of monies held on behalf of patients will be audited by NIAO who will provide a 'Properly Presents' opinion.

Submission and Laying

- 4.8 Account of Patients Monies should be submitted for Audit in line with the timescales set out for the individual Trust Accounts.
- 4.9 The Account will be laid along with the Trust Accounts, rather than as a separate document.

Format of Account

STATEMENT OF TRUSTS RESPONSIBILITIES IN RELATION TO PATIENTS/RESIDENTS MONIES

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, the Trust is required to prepare and submit accounts in such form as the Department may direct.

The Trust is also required to maintain proper and distinct accounting records and is responsible for safeguarding the monies held on behalf of patients/residents and for taking reasonable steps to prevent and detect fraud and other irregularities.

.....TRUST

YEAR ENDED 31 MARCH 20XX

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

Previous Year	RECEIPTS		
£	Balance at 1 April 20XX	£	£
	1. Investments (at cost)		
	2. Cash at Bank		
	3. Cash in Hand		
	Amounts Received in the Year		
	Interest Received		
	TOTAL		
PAYMENTS			
	Amounts paid to or on Behalf of Patients/Residents		
	Balance at 31 March 20XX		
	1. Investments (at Cost)		
	2. Cash in Bank		
	3. Cash in Hand		
	TOTAL		

Cost Price	Schedule of investments held at 31 March 20XX	Nominal Value	Cost Price
£	Investment	£	£

I certify that the above account has been compiled from and is in accordance with the accounts and financial records maintained by the Trust.

..... Director of Finance

..... Date

I certify that the above account has been submitted to and duly approved by the Board.

..... Chief Executive

..... Date

Annex A NIAO Submission Letter

Dorinnia Carville
Comptroller and Auditor General
NI Audit Office
106 University Street
Belfast
BT7 1EU

DATE

Dear Comptroller & Auditor General

**[INSERT NAME OF DOH BODY]:
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 20XX**

In accordance with Department of Health's instruction – I enclose an unsigned copy of the Accounts for the [name of DoH body] for the year ended 31 March 20XX.

I can confirm the following:

- I have reviewed the accounts to ensure they have been properly prepared in accordance with the guidance.
- I have enquired of staff to ensure adequate working papers are available to support the figures in the accounts; *and*
- I have enquired of staff to ensure that it is not anticipated that the accounts will be subject to significant adjustment as a result of the audit procedures.

Yours sincerely

PRINT NAME OF ACCOUNTING OFFICER
Accounting Officer

Annex B DoH Statement of Accounting Officer Responsibilities

DOH BODY

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 20XX

STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003)

Or Under Schedule 1, Para 15(2) of the Fire and Rescue Services (Northern Ireland) Order 2006

Or Under Schedule 1, Para 12 of the Health and Social Services Act (Northern Ireland) 2002 of the Department's (Northern Ireland) Order 1999

Or Under the Health and Personal Social Services (Quality Improvement and Regulation) (Northern Ireland) 2003

Or Under Health and Social Care (Reform) Act (Northern Ireland) 2009

(*Or* other appropriate legislation not listed above).

The Department of Health has directed the (name of DoH body) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the (name of DoH body) and of its income and expenditure, changes in taxpayers equity and cash flows for the financial year.

In preparing the financial statements the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by the Department of Health, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in FReM have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis, unless it is inappropriate to presume that the HSC body will continue in operation; *and*.
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Permanent Secretary of the Department of Health as Principal Accounting Officer for Health and Social Care Resources in Northern Ireland has designated (name of Chief Executive) of (Name of DoH body) as the Accounting Officer for the (Name of DoH body). The responsibilities of an Accounting Officer, including responsibility for the regularity and propriety of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the (Name of DoH body's) assets, are set out in the formal letter of appointment of the Accounting Officer issued by the Department of Health, Chapter 3 of Managing Public Money Northern Ireland (MPMNI) and the HM Treasury Handbook: Regularity and Propriety.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that [name of DoH body's] auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Annex C Directors Remuneration Report – Legislation

Chapter 6

QUOTED COMPANIES AND TRADED COMPANIES: DIRECTORS' REMUNERATION REPORT

420 Duty to prepare directors' Remuneration Report

- (1) The directors of a quoted company, or of a traded company (as defined by section 360C) that is not a quoted company, must prepare a directors' Remuneration Report for each financial year of the company.
- (2) In the case of failure to comply with the requirement to prepare a directors' Remuneration Report, every person who—
 - (a) was a director of the company immediately before the end of the period for filing accounts and reports for the financial year in question, and
 - (b) failed to take all reasonable steps for securing compliance with that requirement,commits an offence.
- (3) A person guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.

421 Contents of directors' Remuneration Report

- (1) The provisions of the Large and Medium-sized Companies and Groups (Accounts and Directors' Reports) Regulations 2008 (S.I. 2008/410) apply as to –
 - (a) the information that must be contained in a directors' Remuneration Report,
 - (b) how information is to be set out in the report, and
 - (c) what is to be the auditable part of the report.
- (2) *Removed by subsequent legislation.*
- (3) It is the duty of—
 - (a) any director of a company, and
 - (b) any person who is or has at any time in the preceding five years been a director of the company, to give notice to the company of such matters relating to himself as may be necessary for the purposes of regulations under this section.
- (4) A person who makes default in complying with subsection (3) commits an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

422 Approval and signing of directors' Remuneration Report

- (1) The directors' Remuneration Report must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.
- (2) If a directors' Remuneration Report is approved that does not comply with the requirements of this Act, every director of the company who—
 - (a) knew that it did not comply, or was reckless as to whether it complied, and
 - (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved,commits an offence.
- (3) A person guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum

422A Revisions to Directors' Remuneration Policy

- (2) The directors' remuneration policy contained in a company's directors' remuneration report may be revised.
- (3) Any such revision must be approved by the board of directors.
- (4) The policy as so revised must be set out in a document signed on behalf of the board by a director or the secretary of the company.
- (5) Regulations under section 421(1) may make provision as to –
 - (a) the information that must be contained in a document setting out a revised directors' remuneration policy, and
 - (b) how information is to be set out in the document
- (6) Sections 422 (2) and (3), 454, 456 and 463 apply in relation to such a document as they apply in relation to a directors' remuneration report.
- (7) In this section, "directors' remuneration policy" means the policy of a company with respect to the matters mentioned in section 421 2(a).

Annex D Schedule of Changes from Last Year

Amendments to the 2025-26 FReM

The table below sets out consequential changes to the 2025-26 FReM published in December 2025 from the 2025-26 FReM published in December 2024. [N.B it does not include minor changes such as correction of typos, changes to cross-referencing etc.]

Paragraph(s)	Change	Reason for change
5.3.2, 5.3.3(e), 5.3.3(f), 5.4.4(a), 5.4.4(ai), 5.4.4(aii), 5.4.6(ciii)	Requirement to report on outcomes as agreed at the latest SR process deleted and replaced with requirement to report against outcomes and metrics as set out in an entity's Outcome Delivery Plan for 2025-26.	To reflect what key outcomes and metrics government entities should report against in their 2025-26 ARA (where entities have Outcome Delivery Plans in 2025-26).
6.5.21, 6.5.22, 6.5.23, 6.5.24	Guidance clarified to state non executive directors (NEDs) are excluded from the fair pay disclosure calculations.	<p>HMT have found there are regular instances where auditors have been challenging entities about whether NEDs should be included in the fair pay disclosure calculations. Some state NEDs should be included. Others state NEDs are not employees or staff, so should not be included in the fair pay disclosure calculations.</p> <p>Per the FReM, a NED can be a 'director'. However, it is extremely unlikely a NED would be an entity's highest paid director (even on an annualised basis) as they are usually paid a 'fee' for a relatively small number of days each year.</p> <p>The HMT view is NEDs are typically not considered employees of an organisation.</p> <p>On the basis that NEDs are not usually considered employees and the exclusion of NEDs is not expected to have a significant impact on fair pay ratio calculations, HMT have decided to clarify NEDs are not included in the fair pay calculations as set out in the FReM.</p>
6.5.26	Paragraph deleted and replaced with a requirement to disclose prior year comparative information for each of the fair pay ratios.	This paragraph provided guidance on comparative information for fair pay disclosures in the first year of implementation, which was in 2021-22. It is no longer the first year of implementation. As such the previous guidance has been replaced with a requirement to provide comparative information for all fair pay disclosures.
6.5.30 – 6.5.43	Guidance on reporting spending on consultancy and temporary staff and off-payroll appointments moved below the list of requirements for the staff report.	This guidance relates to requirements j) and k) in the list of disclosures required for the staff report. Therefore, putting this guidance below the list of staff report requirements makes the FReM easier to follow.

7.4.1	Wording updated to clarify that payments to the Consolidated Fund are included below the lines 'Net financing' and 'Net increase/ (decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund'.	To align with the Department Yellow illustrative statements, which is clear on the placement of payments to the Consolidated Fund within the Statement of Cashflows.
Section 8.2, Table 2, IAS 1 adaptations	Added the following: 'The requirements in IAS 16 paragraphs 36 and 38 to revalue an entire class of assets within a short period are considered satisfied by this adaptation.'	Text has been added in line with the FRAB 155 (March 2025) minutes, minute 38(b). IAS 16 paragraphs 36 and 38 state that all assets within an entire class are revalued at the same time, though a rolling programme can be adopted if all assets within the class are revalued within a short period. The new valuation regime requires PPE is revalued every 5 years. The transitional requirements bring forward previous revaluations and note the maximum period between revaluations must not exceed 5 years. The text added clarifies that the mechanics of the new valuation regime for PPE satisfy IAS 16 paragraphs 36 and 38.
Section 8.2, Table 2	At the end of Table 2, adaptation added to clarify transferor accounting in a MoG change is adapted by the FReM.	To ensure the list of adaptations and interpretations in section 8.2 in the FReM is complete. Though the accounting requirements for the transferor in a MoG change have been in the FReM for several years, this has been added to section 8.2 of the FReM for completeness.
10.1.15	New guidance added.	New guidance added to clarify modern equivalent asset (MEA) principles can be applied to land in a DRC valuation of an asset.
10.1.19	Wording updated to clarify that desktop revaluations are used in year 3 of a revaluation cycle in rare circumstances where no index is available.	To align with the requirement in paragraph 10.1.3.

The table below sets out consequential changes to the 2025-26 FReM published in December 2024 from the 2024-25 Final FReM. [N.B it does not include minor changes such as correction of typos, changes to cross-referencing etc.).

Paragraph(s)	Change	Reason for change
6.4.8 d)	Wording updated to include 'evaluation' in the paragraph.	To ensure entities include analysis of how they have evaluated their risks and internal control framework in the governance statement.
Table 1 below paragraph 8.1.2	Reference to IFRS 4 deleted. Reference to IFRS 17 added.	IFRS 17 is implemented in the FReM from 2025-26. IFRS 4 is therefore no longer applied from this financial year.
Table 2 below paragraph 8.2.2	IFRS 17 adaptations and interpretations added.	IFRS 17 is being implemented in the FReM from 2025-26. Adaptations and interpretations listed in Table 2 are those stated in the IFRS 17 application guidance: IFRS 17 Insurance Contracts Application Guidance.pdf

Table 2 below paragraph 8.2.2	Minor changes to wording in the IFRS 16 and IAS 36 adaptations to remove references to 'service potential' and replace with 'operational capacity'.	Alignment with language change in the FReM. Operational assets are now referenced as being held for their operational capacity rather than their service potential.
Table 2 below paragraph 8.2.2	New adaptation to IAS 8 to provide guidance on applying the changes to the non-investment assets valuation regime in the FReM.	Output from the non-investment assets thematic review and workstream.
Table 2 below paragraph 8.2.2	IAS 16 adaptation 1a) updated to remove reference to 'service potential' and replace with 'operational capacity' Reference to specialised and non specialised assets also removed; valuation basis clarified as existing use value.	Output from the non-investment assets thematic review and workstream.
Table 2 below paragraph 8.2.2	IAS 16 adaptations 2, 3 and 4 added.	Output from the non-investment assets thematic review and workstream.
Table 2 below paragraph 8.2.2	Previous IAS 38 adaptation removed. Replaced with two new adaptations.	Output from the non-investment assets thematic review and workstream.
Sections 10.1 and 10.4	Several changes made to reflect changes to the non-investment asset valuation regime following the non investment asset thematic review. Key changes noted in the next column	Key changes are: 1) Assets are now being referred to as being held for their operational capacity rather than service potential. 2) Reference to specialised and non-specialised assets has been removed from section 10.1. 3) The number of valuation processes entities can use has been reduced, e.g. annual revaluations are no longer required in the FReM. 4) The purpose of indexation has been added to section 10.1. 5) Additional guidance on whether an asset is held for its operational capacity or not has been added to section 10.1. 6) Guidance has been added in section 10.4 to explain undertaking a full revaluation should not be the default process to demonstrate there has not been a material impairment to comply with IAS 36.
11.4.6 – 11.4.7	Guidance on social benefits added.	FRAB approved HM Treasury's social benefit guidance at FRAB meeting 152: https://www.gov.uk/government/publications/frab-minutes-and-associated-papers-21-march-2024 .

SUMMARY OF MAIN CHANGES – NDPB GREEN: ILLUSTRATIVE STATEMENTS

Statement/Note	Change	Reason
SoFP	Right-of-use assets included	To ensure transparency
12.1	Line added to opening guidance	To provide option for narrative disclosure
17	IFRS 16 transition guidance removed.	Entities should have fully transitioned to IFRS 16 in prior years. Transition guidance therefore no longer required.